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THE EFFECT OF CAPITAL INTENSITY RATIO, RETURN ON ASSET, AND FIRM SIZE ON TAX AGRESSIVINESS

(Study at Property dan Real Estate Companies listed on Indonesian Stock Exchange in 2017-2019)

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ABSTRACT

This research aims to analyze the effect of capital intensity ratio, return on asset, and firm size on tax agressiviness. The sample of this research are property and real estate companies which listed in Indonesian Stock Exchange period 2017-2019. The method which used in this research is purposive sampling and multiple linear regression analysis to analyze data and supported by SPSS version 2.2.

The result of this research show simustaneously the capital intensity ratio, return on asset, and firm size on tax agressiviness. While partially show the caapital intesity ratio and return on asset has influence on tax agressiviness. Firm size doesn't have an influence on tax agressiviness. For the result of coefficient determination testing (R^2) show the value 0,231, which mean that 23,1% has influence by independent variable and the rest influenced by another factors.

Keywords : ***capital intensity ratio, return on assset, firm size, and tax agressiviness***

1. INTRODUCTION

National development is an activity that takes place continuously and continuously which aims to improve the welfare of the people, both materially and spiritually. To be able to realize it, it is necessary to pay attention to the problem of development financing. One of the efforts to realize the independence of a country in financing development is to explore sources of funds originating from within the country in the form of taxes. Tax is the most important source of income in Indonesia's state revenue, tax collection is carried out based on the 1945 Constitution Article 23A Amendment III which reads "Taxes and other collections that are coercive for the needs of the state are regulated by law." In the law,

For companies, taxes are a burden or expense that will reduce their income. By following the applicable regulations, the company will help secure state finances. According to Law No. 28 of 2007 concerning General Provisions and Tax Procedures Article 1 paragraph (1) that tax is a mandatory contribution to the State that is owed by private individuals or entities that are coercive under the law, with no direct compensation and used for the benefit of the state and the welfare of its people.

Taxes have a regulatory (regulating) function, namely taxes are used as a tool to regulate society in the economic, social, and political fields with a specific purpose. To increase tax revenue, the government made a policy, namely the issuance of Law No. 36 of 2008 Article 17 paragraph (2b) which explains that "Domestic corporate taxpayers in the form of public companies are at least 40% (forty percent) of the total shares issued. paid-up is traded on the Stock Exchange in Indonesia and fulfills certain other requirements may obtain a tariff of 5% (five percent) lower than the rate as referred to in paragraph (1) letter b and paragraph (2a) regulated by or based on a Government Regulation".

This policy encourages domestic taxpayers to further develop their business. The government also makes other policies, namely the issuance of Government Regulation No. 46 of 2013 which will facilitate corporate taxpayers in calculating their taxes, namely for corporate taxpayers who have business income and not more than Rp. 4.8 billion (gross turnover) in a year will be charged. the tax rate is 1% (Muzakki, 2015). With the many efforts made by the government in increasing tax revenues, but there are still many companies who try to commit fraud by committing tax evasion and trying to minimize the amount of taxes that should be paid. Everything is done to avoid paying taxes. On the other hand,

Several factors such as capital intensity ratio, return on assets, and company size have the possibility that it can affect tax aggressiveness in property companies listed on the IDX.

2.LITERATURE REVIEW

According to Waluyo (2017: 2), "Taxes are contributions to the state owed by those who are obliged to pay them according to regulations without getting performance back, which can be directly appointed, and the purpose of which is to finance general expenses related to state duties that are carried out by the government. run the government".

The characteristics inherent in the definition of tax according to Waluyo (2017: 3), include:

a. Taxes are levied based on the law and its implementing rules which can be enforced.
b. In the payment of taxes can not be shown the existence of individual contra-achievement by the government.
c. Taxes are levied by the state, both central and local governments.
d. Taxes are intended for government expenditures, which, if there is a surplus of income, are used to finance public investment.
e. Taxes can also have a purpose other than budgetair, namely regulating.

2.1. Tax Aggressiveness

1.According to Hlaing (2012) tax aggressiveness is defined as the tax planning activities of all companies involved in reducing the effective tax rate. Meanwhile, Hanlon and Heitzman (2010) define tax aggressiveness as the last level of the spectrum of tax planning behavior. As stated by Balakrishnan, K., Blouin, J., & Guay (2011) that companies are involved in various forms of tax planning to reduce tax obligations which are estimated by every company that carries out tax aggressive actions, of course, must get sanctions because of their actions. very detrimental to the public.

2.Meanwhile, according to research Mangoting (2014) defines tax aggressiveness as the last level of the spectrum of a series of tax planning behavior. According to research conducted by Lanis and Richardson (2013) states that tax aggressiveness, tax evasion and tax management are terms that refer to the same meaning and define tax aggressiveness as management's efforts to reduce taxable income through tax planning activities through legal action).

According to Frank et.al. (2009) aggressive tax action is an action that aims to manipulate the company's taxable profit through tax planning, either using legal (tax avoidance) or illegal (tax evasion) methods.

2.2. Capital Intensity Ratio

*Capital intensity ratio*is an investment activity carried out by a company associated with investment in the form of fixed assets (capital intensity). Almost all fixed assets experience depreciation and depreciation costs can reduce the amount of tax paid by the company (Hanum, 2013).

*Capital intensity*or capital intensity is the company's investment activities in the form of fixed assets (Gimilang, 2016). According to Mustika (2017), capital intensity is how big the proportion of fixed assets from the total fixed assets owned by the company. With the increase in the company's fixed assets, the company's productivity will also increase so that profits will also increase (Mustika, 2017). Companies that invest in inventory in warehouses will cause storage costs and maintenance costs that will cause increased expenses which can automatically reduce the company's profit. If the company's profit decreases with high inventory intensity, the company will be more aggressive towards the level of tax burden received (Andari and Sukarta, 2017).

2.3. Return On Assets

According to Kasmir (2008: 201) Return On Asset is a ratio that shows the results (return) on the number of assets used in the company. According to Sudana (2011: 22) suggests that "Return on Assets shows the company's ability to use all its assets to generate after-tax profits". From the above understanding, it can be concluded that Return On Assets is a ratio that shows how much net income can be obtained from all the assets owned by the company. Thus this ratio relates the profits obtained from the company's operations with the amount of investment or assets used to generate operating profits.

According to Rodriguez and Arias (2012) the company's fixed assets can reduce the tax burden that must be paid with the depreciation of fixed assets. Profitability is a determining factor in the tax burden, because companies with higher profits will pay more taxes.

3.RESEARCH METHOD

This study uses secondary data in the form of annual reports and financial reports of all property and real estate companies for 2017-2019. The data collection method used in this research is the literature study method and the documentation method. Using descriptive statistical analysis and multiple linear regression.

This research was conducted using the population of property and real estate companies listed on the IDX for the period 2017-2019. Property and real estate companies are one of the 9 corporate sectors listed on the Indonesia Stock Exchange.

3.1. Results of Data Analysis and Testing

Multiple Linear Regression Test

Regression analysis is an analysis that aims to show the mathematical relationship between the independent variable and the dependent variable.

In accordance with the purpose of the study, it was to determine the effect of capital intensity ratio (CIR), return on assets (ROA), and firm size on tax aggressiveness by using multiple linear regression analysis method.

a. Dependent Variable: CETR

So when viewed from table 4.9 above, the multiple linear regression equation in this study is:

YCETR = -0.191 – 0.010 X1 – 0.698 X2 + 0.011 X3 + e

The constant value in the above equation in the table is -0.191, which means that the value of the variable composition of the capital intensity ratio, return on assets, and firm size is considered constant (zero), then the constant value of tax aggressiveness is -0.191.

The regression coefficient value of the capital intensity ratio has a negative value in column B in the Unstandardized Coefficient of -0.010, which means that the capital intensity ratio has increased by 1% while the others are considered, constant, then the dependent variable of tax aggressiveness will decrease by 0.010 and vice versa.

While the return on assets coefficient value is -0.698 then in column B Unstandardized Coefficient which means that the ROA variable has increased by 1% with the assumption that other variables are considered constant, then the effect on tax aggressiveness decreases by 0.698.

The last is the value of the regression coefficient of company size which has a value of 0.011 which means that if the value of company size increases by 0.011, which means that if the value of company size increases by 1% assuming other variables are constant, then the effect on tax aggressiveness increases by 0.011 .

b. Dependent Variable: CETR

Then the t table value will be 2.00665 so the explanation is as follows:

1) *Capital Intensity Ratio*(CIR) X1
From the results of the study, the t-count value was -2.540 while the t-table was 2.00665. Then it can be seen that t arithmetic -2.540 | > t table (2.00665) while the significance

value is 0.014 <0.05, meaning that the capital intensity ratio (CIR) has a positive effect on tax aggressiveness.

2) *Return On Assets*(ROA) X2
From the results of the study obtained the value of t count of-3,467while the t table is 2.00665. Then it can be seen that t arithmetic -3.467│ > t table (2.00665) while the significance value is 0.001 <0.05, meaning that return on assets (ROA) has a positive effect on tax aggressiveness.

3) Company Size X3
From the results of the study obtained the value of t count of1,957while the t table is 2.00665. Then it can be seen that t count (1,957) < t table (2.00665) while the significance value of 0.056 > 0.05 means that the size of the company has no effect on tax aggressiveness.

3.2. F Uji test

The F (simultaneous) test is used to measure how far the influence between the independent variables is jointly on the dependent variable with the provisions and found the research results contained in the table above, namely the calculated F of 6.497 and F table with a significant level of 0.05 of F table = (k; nk-1) = (3;56-3-1) (3;52) = 2.78 so it can be explained that the value of sig 0.001 < 0.005 and F count 6.497 > 2.78 so it can be concluded that the capital intensity ratio , return on assets, and company size can simultaneously affect tax aggressiveness.

Coefficient of Determination Test R2

Furthermore, the coefficient of determination is one of the tools to measure the percentage of the influence of the independent variable on the dependent variable. The smaller the value of R2, the smaller the effect on the dependent variable and vice versa. The range of values for R2 ranges from 0 to 1. The results of the SPSS output in the table above show a description of the effect of the independent variables on the dependent variable or this study, which can be seen in the Adjusted R Square column which has a magnitude of 0.231 which means the variable capital intensity ratio, return on assets , and the size of the company is able to explain or support the dependent variable, namely the tax aggressiveness of 23.1% and the remaining 76.9% is explained by other factors.

4.RESEARCH RESULT

From several series of tests on research data, it can be explained as follows:

4.1. Effect of Capital Intensity Ratio on Tax Aggressiveness

Based on the results of the test using the t-test to determine the effect of the variable capital intensity ratio, it is known that the significance is 0.014 <0.05. The value of t arithmetic capital intensity ratio is 2.540 > 2.00665, which means t count > t table. This shows that H0 is rejected and H1 is accepted, meaning that the capital intensity ratio has an effect on tax aggressiveness.

4.2. The Effect of Return On Assets on Tax Aggressiveness

Based on the test results using the t test to find the effect of the ROA variable, it is known that the significance value is 0.001 < 0.005. The value of t-count ROA is -3,467│, which means t-count > t-table (3.467 > 2.00665). This shows that H2 is accepted and H0 is rejected, meaning that ROA has an effect on tax aggressiveness.

4.3. Effect of company size on tax aggressiveness

Based on the test results using the t-test to determine the effect of firm size on tax aggressiveness, it is known that the significance value is 0.056 > 0.005.

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5.CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

Based on the results of the analysis and testing that have been described in previous chapters, the following conclusions can be drawn:

a. The results of the study indicate that t arithmetic -2,540│ is greater than t table 2.00665 for testing the effect of Capital Intensity Ratio (CIR) on tax aggressiveness, with a significance level of 0.014 less than 0.05, which means H1 is accepted and H0 is rejected. This shows that the capital intensity ratio has an effect on tax aggressiveness.

b. The results of the study indicate that t arithmetic -3,467│ is greater than t table 2.00665 for testing the effect of Return On Assets (ROA) on tax aggressiveness, with a significance level of 0.001 less than 0.05, which means H2 is accepted and H0 is rejected. This shows that return on assets has an effect on tax aggressiveness.

c. The results of the study stated that t-count 1.957 is smaller than t-table 2.00665 for testing the effect of firm size on tax aggressiveness, with a significance level of 0.056 greater than 0.05, which means H3 is rejected and H0 is accepted. This shows that the size of the company has no effect on tax aggressiveness.

d. Simultaneously, the capital intensity ratio, return on assets, and firm size simultaneously have a significant effect on tax aggressiveness, with the results of the calculated F test of 6.497 and the F table of 2.78 with a significance value of 0.001.

5.2. Suggestion

Based on the conclusions above, the researcher can provide the following recommendations for companies to pay more attention to factors that can affect tax aggressiveness, especially the capital intensity ratio, return on assets, and company size. Because these three factors do not rule out the possibility of influencing tax aggressiveness, it is hoped that future researchers can expand or add variables and research samples from all companies listed on the Indonesia Stock Exchange (IDX) With a longer observation period.

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